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September 14, 2006

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-31

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following Information Requests:

USW-3-15 (CONFIDENTIAL)

CONFIDENTIAL documents which have been referenced in the responses are provided in single copy under seal to the Hearing Officer accompanied by a Motion for Protective Treatment. All other parties may seek access to this material upon execution of a mutually agreeable non-disclosure agreement.

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline Bulger (DTE) Hearing Officer
Paul Osborne (DTE)
A. John Sullivan (DTE)
Alexander Cochis, Assistant Attorney General (4 copies)
Charles Harak, Esq. (UWUA)
Nicole Horberg Decter, Esq. (USW)
Service List

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Bay State Gas Company

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D.T.E. 06-31

**MOTION OF BAY STATE GAS COMPANY
FOR A PROTECTIVE ORDER
OVER CONFIDENTIAL ATTACHMENT USW-3-15 A,
CONFIDENTIAL ATTACHMENT USW-3-15 B,
AND CONFIDENTIAL ATTACHMENT USW-3-15 C**

I. INTRODUCTION

Bay State Gas Company (“Bay State”) requests that the Department of Telecommunication and Energy (“Department”) grant protection from public disclosure, pursuant to G.L. c. 25, §25D, for Attachments A, B, and C to USW 3-15 provided by Bay State in response to information request USW 3-15 propounded by the United Steelworkers of America (“USW”). Bay State requests such protection because such Attachments include confidential and proprietary information.

In support of its request for a protective order, Bay State states as follows.

II. LEGAL STANDARD

Confidential information may be protected from public disclosure in accordance with G.L. c. 25, §25D, which states in part that:

The [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which such protection is sought is public information and the burden shall be on the proponent of such protection to prove the need for

such protection. Where the need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

The Department has frequently protected information that, if disclosed publicly, could have a chilling effect on negotiations, such as responses to Requests for Proposal (“RFP”), and material that is confidential pursuant to its terms. The process and product of settlement and collective bargaining negotiations are similarly confidential and warrant protection.

III. THE MATERIALS ARE PROPRIETARY AND CONFIDENTIAL AND WARRANT PROTECTION FROM DISCLOSURE

In its discovery, the USW sought information regarding documents that informed Bay State with regard to its proposal to USW to move certain customer-facing business functions to another vendor, in this instance, IBM.¹ In order to respond fully to the requests made by the USW, Bay State must provide confidential collective bargaining information as set forth below.

A. The Attachments A, B and C to Bay State’s Response to USW-3-15, labeled CONFIDENTIAL Attachment USW-3-15 A, CONFIDENTIAL Attachment USW-3-15 B, and CONFIDENTIAL Attachment USW-3-15 C is Appropriately Protected from Public Disclosure

In USW-3-15, the USW asks:

USW 3-15: From January 1, 2005 to date, provide all non-privileged documents within the possession, custody or control of NiSource, NCSC, and/or BSG consulted in or informing BSG’s late fall 2005 proposal to USW to outsource BSG’s “customer facing” functions under the June 2005 IBM-NiSource Agreement.

In order to respond to the question, Bay State has provided detailed attachments that are the exact attachments provided to the USW during collective bargaining negotiations. See,

¹ The question sought non-privileged information, and in its response, Bay State has provided all the documents that it actually provided to USW to justify its decision to pursue collective bargaining.

CONFIDENTIAL Attachment USW-3-15 A, CONFIDENTIAL Attachment USW-3-15 B, and CONFIDENTIAL Attachment USW-3-15 C. These attachments detail the basis upon which Bay State deemed collective bargaining was necessary. Collective bargaining negotiations are confidential negotiations. Materials generated within such negotiations are closely held within NiSource, NCSC and Bay State and only disclosed to those with a need to know, including a small group of officers, lawyers or other authorized corporate agents. Any broader dissemination or disclosure in the public domain would chill the desire of employers and unions to address and negotiate the important issues attendant to labor, and often issues that result in more efficient operations. There is no public benefit in disclosure of this material, and possible harm. Accordingly, because this material is held confidential and because it is necessary to ensure a level playing field during negotiations that eventually inure to the benefit of customers and employees, protection of CONFIDENTIAL Attachment USW-3-15 A, CONFIDENTIAL Attachment USW-3-15 B, and CONFIDENTIAL Attachment USW-3-15 C is proper under G.L. c. 25, sec. 5.

IV. CONCLUSION

For the reasons set forth above, Bay State requests that the Department protect from public disclosure CONFIDENTIAL Attachment USW-3-15 A, CONFIDENTIAL Attachment

USW-3-15 B, and CONFIDENTIAL Attachment USW-3-15 C.

Respectfully submitted,

BAY STATE GAS COMPANY

By its attorneys,

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Dated: September 14, 2006

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: September 14, 2006

Responsible: Stephen H. Bryant, President

USW 3-15: From January 1, 2005 to date, provide all non-privileged documents within the possession, custody or control of NiSource, NCSC, and/or BSG consulted in or informing BSG's late fall 2005 proposal to USW to outsource BSG's "customer facing" functions under the June 2005 IBM-NiSource Agreement.

RESPONSE: Please see CONFIDENTIAL Attachments USW 3-15 A, B, C and D for the key non-privileged documents that informed Bay State's late fall 2005 meetings with the USW. CONFIDENTIAL Attachments USW 3-15 A, USW 3-15 B, USW 3-15 C and 3-15 D were provided by Bay State representatives to union counterparty representatives during negotiations attendant to collective bargaining. These documents are deemed non-privileged but confidential by Bay State.

Because Bay State claims that these documents are appropriate for protection from public disclosure, the documents produced are filed in single copy under seal to the Hearing Officer accompanied by a Motion for Protective Treatment. All other parties may seek access to this material upon execution of a mutually agreeable non-disclosure agreement.

CONFIDENTIAL Attachment USW 3-15 A contains service quality benchmarks as contained in the NCSC/IBM Agreement, as well as an analysis of the IBM outsourcing proposal vs. current operations for the Call Center function.

CONFIDENTIAL Attachment USW 3-15 B is an analysis of the IBM outsourcing proposal vs. current operations for the Meter to Cash function.

CONFIDENTIAL Attachment USW 3-15 C is a copy of a proposal that was presented by the Company to the USW during bargaining over the issue of outsourcing the Contact Center and Meter to Cash operations at the Company's Springfield, MA facility.

CONFIDENTIAL Attachment USW 3-15 D is a letter from the Company's labor attorney to Mr. Joseph P. Carlson, Staff Representative for the USW.